

REQUEST FOR PROPOSAL (RFP)

Appointment of Internal Auditor

Date of Issue: 15/10/2026

Last Date for Submission: 31/10/2026

Proposed Engagement Period: One year

Issued By: Milaan Be The Change

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Website: <https://milaan.in/>

1. ABOUT MILAAN BE THE CHANGE

Milaan Be The Change is a non-profit social impact organisation working with and for adolescent girls and young women to strengthen their knowledge, skills, agency and access to opportunities. The organisation works with communities to challenge gender inequality and enable girls to pursue their aspirations.

Vision: To create an equal and inclusive world where every girl is educated, healthy and safe.

Mission: Empowering girls by advancing their skills, rights, and opportunities to unlock their voice, choice, and potential.

Milaan's work includes programmes focused on adolescent girls' leadership, education, health and well-being, prevention of child marriage and gender-based violence, alumni engagement, and school education.

The organisation works with multiple stakeholders, including institutional and individual donors, implementing partners, schools, communities, state government, employees, consultants and service providers. Its operations involve programme expenditure across locations, donor-specific budgets, statutory and regulatory obligations, and commitments relating to grant utilisation and reporting.

Milaan seeks to strengthen its financial governance, internal controls, compliance systems, risk management and accountability through the appointment of an independent Internal Auditor.

2. OBJECTIVE OF THE ASSIGNMENT

The objective is to appoint a professionally qualified and experienced audit firm to conduct a comprehensive, independent review of Milaan's financial transactions, internal controls, statutory compliance, grant management, procurement, human resources, administration, programme operations and information systems.

The engagement is intended to:

1. Verify the accuracy, completeness, authenticity, validity and proper authorisation of financial transactions.
2. Ensure that expenditure is supported by appropriate documentation and complies with organisational policies, donor conditions and applicable laws.
3. Identify financial irregularities, unsupported expenditure, duplicate payments, potential fraud indicators and control circumvention.
4. Assess the adequacy and effectiveness of internal financial and operational controls.
5. Review compliance with applicable statutory, regulatory, contractual and donor requirements.
6. Evaluate budgetary control, donor fund utilisation and financial reporting.
7. Identify weaknesses in processes, accountability, segregation of duties and management oversight.
8. Provide risk-rated observations and practical recommendations with clear corrective actions.
9. Track implementation and independently validate closure of audit observations.
10. Provide management and the Board with an objective assessment of the organisation's control environment and significant risks.

The engagement shall go beyond routine accounting verification and focus on prevention, early detection, root-cause analysis and sustainable control improvements.

3. DETAILED SCOPE OF WORK

3.1 Finance and accounting

The auditor shall review and conduct 100% vouching:

- General ledger, trial balance, journals and supporting schedules.
- Bank reconciliations, cashbooks and bank balances.
- Accounts payable, receivable, advances and outstanding liabilities.
- Expense classification, cost-centre and project tagging.
- Allocation of shared costs and employee salaries across donor budgets.
- Budget versus actual expenditure and variance explanations.
- Accruals, provisions, prepayments and opening balance adjustments.
- Fixed assets, depreciation, asset registers and physical verification.
- Financial reporting and month-end/year-end closure processes.
- Accounting system access, audit trails and manual adjustments.
- Unusual, duplicate, unsupported or potentially fictitious transactions.

3.2 Donor funds and grant management

For each relevant donor and grant, the auditor shall examine:

- Grant agreements, approved budgets, amendments and extensions.
- Receipt of funds and reconciliation with donor records.
- Project-wise and donor-wise expenditure tagging.
- Compliance with approved budget heads and restrictions.
- Salary and shared-cost allocation methodology.
- Treatment of unspent balances and unutilised grants.
- Advances to implementing partners and their settlement.
- Supporting documents for utilisation certificates and donor financial reports.
- Timeliness and accuracy of donor reporting.
- Potential double charging of expenditure to multiple grants.
- Expenditure incurred outside the grant period or approved scope.
- Reconciliation between donor reports, accounting records and underlying transactions.
- Restricted funds, refunds, interest income and other grant-specific conditions.

Any expenditure that is ineligible, inadequately supported, incorrectly allocated or potentially recoverable by a donor must be separately quantified and reported.

3.3 Procurement and vendor management

The auditor shall review:

- Vendor onboarding and due diligence.
- Vendor master creation and changes.
- Quotations, comparative statements and selection justification.
- Purchase requisitions, purchase orders and approval trails.
- Contract terms and evidence of delivery.
- Invoice verification and payment authorisation.
- Compliance with procurement thresholds and competitive bidding requirements.
- Conflict-of-interest disclosures and related-party risks.
- Duplicate vendors, common bank accounts and suspicious vendor linkages.
- Split purchases or transactions intended to bypass approval thresholds.
- Payments to inactive, unverified or potentially fictitious vendors.

Where warranted, the auditor shall conduct independent vendor confirmations and source-document verification.

3.4 Cash, payments and reimbursements

The auditor shall review 100% of cash and bank transactions, petty cash expenditure, travel claims, employee reimbursements, advances and settlements.

Specific attention shall be given to:

- Missing, incomplete or altered bills.
- Handwritten bills and invoices with authenticity concerns.

- Duplicate invoices or claims.
- Payments without valid approvals.
- Unsupported cash withdrawals or cash payments.
- Long-outstanding advances and repeated advance requests.
- Split payments and transactions outside established controls.
- Payments made to employees or vendors without adequate supporting evidence.
- Unusual transactions, control overrides and retrospective approvals.

3.5 Payroll and human resources

The audit shall cover:

- Employee master records and supporting employment documents.
- Appointment letters, consultant agreements and contract terms.
- Salary structures, increments, bonuses and other compensation changes.
- Attendance, leave and payroll processing controls.
- Payroll reconciliation with bank payments and accounting records.
- Employee joining, exit, full-and-final settlement and recovery of advances.
- Statutory deductions and remittances.
- PF, ESI, gratuity, professional tax and other applicable employment obligations.
- Minimum wages, wage records and applicable labour-law requirements.
- Consultant classification and related contractual/compliance risks.
- Payroll access controls and segregation of duties.
- Potential duplicate, unauthorised or fictitious employee payments.

The auditor shall identify inconsistencies between HR records, payroll data, attendance records, bank payments and statutory filings.

3.6 Statutory and regulatory compliance

The auditor shall prepare and review a compliance register identifying the applicable law, provision, responsible function, due date, evidence of compliance, status and consequences of non-compliance.

The review shall include, as applicable:

A. Income tax and other financial regulations

- TDS deduction, deposit, return filing, reconciliation and certificates.
- Income-tax return and other applicable filings.
- GST registration, invoicing, returns, payments and input tax credit, where applicable.
- Applicable professional tax and other state-level levies.

B. Foreign Contribution Regulation Act (FCRA), where applicable

- Compliance with registration/prior permission conditions.
- Receipt of foreign contribution through prescribed banking arrangements.
- Designated account and utilisation-account controls, as applicable.
- Separation and identification of foreign contribution and domestic funds.
- Permissible utilisation and administrative expenditure restrictions.
- Prohibition on prohibited transfers or utilisation arrangements.
- FCRA-related accounting, registers, annual returns and supporting documentation.
- Reconciliation of bank records, books and statutory returns.
- Compliance with applicable reporting, record-retention and approval requirements.

C. Employment and labour laws

- Employees' Provident Funds and Miscellaneous Provisions Act, 1952, and applicable schemes.
- Employees' State Insurance Act, 1948, where applicable.
- Payment of Gratuity Act, 1972, where applicable.
- Minimum Wages and applicable wage-payment legislation.
- Maternity Benefit Act, 1961, where applicable.
- Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- Applicable Shops and Establishments legislation.
- Other applicable labour and employment requirements.

D. Governance and organisational compliance

- Society/organisation registration requirements and applicable governing documents.
- Board/Executive Committee approvals and minutes.
- Statutory audit and annual filing obligations.
- Applicable requirements relating to tax exemptions and donor eligibility.
- Related-party transactions, conflict-of-interest declarations and delegated authorities.

The auditor shall verify applicability before treating any requirement as a compliance obligation. The compliance register must distinguish between non-compliance, pending applicability assessment, documentation gaps and matters requiring specialist legal advice.

3.7 Administration, assets and information systems

The review shall cover:

- Asset procurement, tagging, custody, transfer and disposal.
- Physical verification of selected asset categories as appropriate.
- Inventory and consumable controls.
- Office administration and service contracts.
- Travel, facilities and other administrative expenditure.
- System access rights, user creation and removal.

- Maker-checker controls and segregation of duties.
- Audit trails and changes to vendor, employee and bank master data.
- Backup, recovery and data-security controls relevant to financial systems.
- Use of spreadsheets and manual processes that create control risks.

3.8 Governance and internal controls

The auditor shall assess:

- Delegation of financial and administrative authority.
- Segregation of duties.
- Approval and exception-management processes.
- Policy adequacy and implementation.
- Management review and oversight.
- Financial reporting timelines and accountability.
- Risk registers and compliance monitoring mechanisms.
- Repeat audit observations and unresolved management actions.
- Conflicts of interest and related-party risks.
- Adequacy of records and evidence supporting management decisions.

4. RISK ASSESSMENT AND RISK-RATING FRAMEWORK

Every audit observation shall be assigned a risk rating based on the likelihood and impact of the issue, considering financial exposure, legal consequences, donor implications, safeguarding, operational disruption and reputational damage.

Risk rating	Definition	Reporting and response
Critical	Suspected material fraud, significant misuse of funds, serious statutory breach, safeguarding concern or issue with an immediate threat to the organisation.	Immediate escalation to the designated senior authority; prompt written alert; urgent containment and investigation recommendations.
High	Significant financial exposure, material compliance failure, major control breakdown or substantial donor/operational risk.	Prompt escalation, generally within one working day of confirmation; time-bound corrective action and senior management oversight.
Medium	Meaningful control weakness, repeated process deviation or compliance gap with a manageable but material risk.	Included in the periodic report; assign an owner and agreed corrective-action deadline.

Low	Isolated documentation, process-efficiency or minor control improvement issue with limited exposure.	Included in the report with proportionate corrective action and monitoring.
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These are proposed service-level expectations and may be finalised in the engagement agreement. Any urgent safeguarding or legally reportable matter must be escalated in accordance with applicable law and Milaan's designated safeguarding/escalation protocol.

The auditor shall document the basis of each rating, including likelihood, impact, financial exposure where quantifiable, existing controls and residual risk.

Risk ratings shall not be assigned solely on transaction value. A low-value transaction may be rated High or Critical if it indicates fraud, systemic control failure, safeguarding risk or a serious legal breach.

5. AUDIT OBSERVATIONS AND RECOMMENDATIONS

Each observation must contain the following fields:

1. Observation reference number.
2. Department, programme, location or process.
3. Audit period and transaction reference.
4. Applicable policy, control requirement, law or donor condition.
5. **Criteria:** What should have happened.
6. **Condition:** What was actually found.
7. **Root cause:** Why the deviation occurred.
8. **Risk rating:** Critical, High, Medium or Low.
9. Financial exposure or potential loss, wherever quantifiable.
10. Compliance, donor, operational or reputational implications.
11. Recommendation for corrective action.
12. Preventive action to avoid recurrence.
13. Management response and action owner.
14. Target completion date.
15. Evidence required for closure.
16. Closure status and auditor validation.

Recommendations must be practical, proportionate to the risk and specific enough to assign responsibility and monitor implementation.

The auditor should distinguish between:

- Immediate corrective action.
- Recovery or regularisation of amounts, where appropriate.

- Process or policy changes.
- Preventive controls and system improvements.
- Disciplinary, legal or investigative referral, where warranted and authorised.
- Matters requiring a decision from senior management or the Board.

The auditor shall not make unsupported allegations of fraud. Suspected fraud must be described factually, supported by available evidence and escalated through the designated process.

6. AUDIT DELIVERABLES AND REPORTING

The appointed auditor shall provide the following deliverables:

1. **Inception report:** Understanding of systems, scope, risks and information requirements.
2. **Audit plan:** Audit calendar, transaction population, responsible team and timelines.
3. **Transaction verification register:** Evidence of 100% vouching, including the number and value of transactions covered, exceptions and unresolved items.
4. **Compliance register:** Applicable obligations, due dates, evidence, gaps, owners and corrective actions.
5. **Periodic audit report:** Findings, risk ratings, root causes, recommendations and management responses.
6. **Critical issue alerts:** Immediate communication of serious matters.
7. **Audit observation tracker:** All findings, action owners, deadlines and closure status.
8. **Follow-up report:** Validation of corrective actions and identification of overdue/repeat issues.
9. **Annual consolidated report:** Overall control assessment, significant risks, compliance status, repeat findings and priority recommendations.
10. **Management/Board presentation:** Summary of significant findings and unresolved risks, as required by Milaan.

The auditor shall maintain appropriate working papers and an audit trail to substantiate its conclusions. Reports and working papers shall be made available to authorised Milaan representatives in accordance with the engagement agreement and applicable professional requirements.

7. FOLLOW-UP AND CLOSURE

The auditor shall independently validate the closure of audit observations based on sufficient evidence.

An observation shall not be considered closed merely because management has provided a written response or committed to future action.

The follow-up process must identify:

- Open observations by risk rating.
- Overdue corrective actions.
- Repeat observations.
- Actions not adequately addressing the root cause.
- Financial recoveries or regularisations pending.
- Matters requiring escalation to the CEO/Executive Leadership Team, Finance Committee or Board, as appropriate.

The auditor shall flag unresolved Critical and High-risk issues in every relevant follow-up report.

8. ELIGIBILITY AND QUALIFICATIONS

The bidder must:

- Be an established professional audit firm with relevant professional registrations and credentials.
- Have at least five years of relevant audit experience, preferably including non-profit or grant-funded organisations.
- Demonstrate capacity to perform 100% transaction-level vouching for an organisation with multiple programmes, donors and expenditure categories.
- Have experience in internal controls, statutory compliance, grant utilisation, procurement and fraud-risk identification.
- Deploy appropriately qualified personnel with sufficient time commitment.
- Disclose disciplinary proceedings, material conflicts of interest and any circumstances that could impair independence.
- Provide at least three relevant client references or comparable assignments, where disclosure is permitted.

The firm shall disclose any other services it provides to Milaan or its related entities that may create a self-review, independence or other conflict risk.

9. INDEPENDENCE, CONFIDENTIALITY AND PROFESSIONAL CONDUCT

The appointed firm shall:

- Maintain independence and objectivity throughout the engagement.
- Protect confidential financial, employee, donor and programme-participant information.
- Comply with applicable data-protection and information-security requirements.
- Restrict access to authorised engagement personnel.
- Disclose actual or potential conflicts of interest immediately.

- Avoid assuming management responsibility for the controls being audited.
- Not subcontract core audit work without prior written approval.
- Preserve audit evidence and working papers in accordance with applicable professional requirements and the engagement agreement.
- Follow Milaan's applicable safeguarding, workplace conduct and confidentiality protocols.

10. PROPOSAL SUBMISSION REQUIREMENTS

Interested firms shall submit a technical and commercial proposal containing:

A. Firm profile

- Legal constitution, registrations and credentials.
- Years of operation and relevant expertise.
- Experience with non-profits and donor-funded organisations.

B. Technical proposal

- Understanding of Milaan and the assignment.
- Detailed methodology for 100% transaction-level vouching.
- Proposed audit scope and compliance-review approach.
- Risk assessment and rating methodology.
- Approach to identifying fraud indicators and validating supporting documents.
- Proposed audit frequency, deployment and timelines.
- Reporting, recommendation and follow-up methodology.
- Sample anonymised internal audit report and observation tracker.

C. Team details

- Engagement Partner/Lead.
- Audit Manager and proposed team members.
- Qualifications, relevant experience and role allocation.
- Estimated person-days and involvement of senior personnel.

D. Commercial proposal

- Professional fees for the complete engagement.
- Applicable taxes.
- Travel and out-of-pocket expenses.
- Rates for special/surprise audits.
- Any other charges, clearly disclosed.

The bidder must clearly confirm that the quoted scope and fee cover the stipulated 100% transaction-level vouching. Any assumptions, exclusions or volume limitations must be stated explicitly.

11. EVALUATION CRITERIA

Proposals will be evaluated on a combined technical and commercial basis.

Evaluation criterion	Weight
Relevant firm experience and credentials	15%
Methodology for 100% vouching and completeness verification	25%
Understanding of Milaan's risks and compliance requirements	15%
Proposed team, expertise and deployment	15%
Risk-rating, recommendations and follow-up methodology	10%
Commercial proposal	20%
Total	100%

Milaan may invite shortlisted firms for a presentation and seek clarifications before final selection. The lowest financial quote shall not automatically determine appointment.

Milaan may reject proposals that do not explicitly accept the mandatory 100% transaction-level vouching requirement.

12. ENGAGEMENT PERIOD AND TERMINATION

The proposed engagement shall be for 12 months with extension subject to satisfactory performance and mutual agreement.

The final engagement agreement shall specify the audit calendar, reporting deadlines, fee and payment terms, confidentiality, access to records, escalation arrangements and termination provisions.

Milaan may terminate the engagement in accordance with the agreement for material breach, loss of independence, confidentiality violations, persistent failure to deliver agreed work or other specified grounds.

13. AUDIT FREQUENCY AND QUARTERLY PHYSICAL VISITS



The Internal Auditor shall conduct a minimum of one physical visit to Milaan's head office during each quarter, amounting to at least four on-site audit visits during the 12-month engagement period.

The quarterly visits shall be planned in consultation with Milaan's Finance & Administration team and shall not be substituted by virtual meetings or remote document review.

14. SUBMISSION AND CONTACT

Proposals must be submitted electronically by **31st October, 2026** through the below-mentioned Google Form

The proposal should remain valid for 90 days from the submission deadline.

Milaan reserves the right to seek clarifications, negotiate scope and timelines, or accept or reject any proposal in accordance with its procurement and governance requirements.